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PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
505 VAN NESS AVENUE
SAN FRANCISCO, CALIFORNIA 94102

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FCC MAIL ROOM

JOSIAH L. NEEPER
COMMISSIONER

TEL: (415) 703-1407
FAX: (415) 703-1758

March 2, 1999

Secretary
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20024

RE: *Ex Parte Comments: Two Originals filed in CC Docket No. 96-98,
Implementation of the Local Competition Provisions of the
Telecommunications Act of 1996*

Dear Madam Secretary:

This letter is intended to comply with the FCC's rules on ex parte communications. On behalf of the California Public Utilities Commission I have respectfully requested the FCC to defer by one year the reinstatement of the geographic de-averaging rule adopted in the above-referenced docket.

On March 1, I forwarded a letter to each of the five Commissioners and the Chief of the Common Carrier Bureau expressing the necessity for a one year deferral of the geographic de-averaging rule in California.

If you have any questions about this ex parte notice, please do not hesitate to call me at (415) 703-1407.

Sincerely,

A handwritten signature in black ink that reads "Josiah L. Neeper".

Josiah L. Neeper
Commissioner

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PUBLIC UTILITIES COMMISSION

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SAN FRANCISCO, CALIFORNIA 94102

JOSIAH L. NEEPER
COMMISSIONER

TEL: (415) 703-1407
FAX: (415) 703-1758

March 1, 1999

Honorable William E. Kennard
Chairman, Federal Communications Commission
445 12th Street, SW, Room 8B201
Washington, DC 20554

Dear Chairman Kennard:

I am writing to you and your colleagues on behalf of the California Public Utilities Commission (CPUC) to urge you to defer the geographic de-averaging requirement for unbundled network elements for one year. This period of time will be necessary for the CPUC to resolve critical ongoing proceedings which will enable us to establish appropriate cost-based rates for unbundled network elements on a geographically de-averaged basis.

The Commission's First Report and Order (FCC 96-325) directed state commissions to establish rates for unbundled network elements to reflect geographic cost differences. (Section 51.507(f)) Our understanding is that the Commission is currently considering how to re-instate this rule among others now that the Supreme Court has determined that the Commission has authority to establish pricing standards. The CPUC believes that, with the exception of geographical de-averaging, our pricing of unbundled network elements is consistent with the Total Element Long Run Incremental Cost standards established in the First Report and Order. However, establishing geographically de-averaged rates will take time and resources.

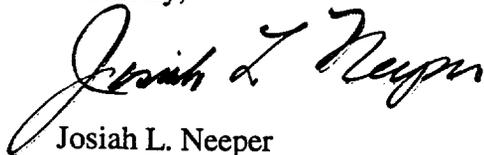
This letter does not question the Federal Communications Commission's authority to establish pricing policies for unbundled network elements; however, we believe that states such as California will need sufficient time to reasonably implement these policies. We hope to complete ongoing proceedings on pricing non-recurring charges for unbundled network elements and collocation early in the Summer of 1999. Once these proceedings are concluded, we could then proceed to the geographic de-averaging issue. In order to do this properly, the CPUC would need sufficient time to develop an evidentiary record which would enable us to establish cost-based geographically de-averaged prices for unbundled network elements. We believe that launching an inquiry

William E. Kennard
March 1, 1999
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into geographically de-averaged rates prematurely may disrupt the orderly progress on important ongoing cases.

The Federal Communications Commission's overarching goal of promoting local exchange competition would be better served by allowing California and other states sufficient time to conclude existing work on non-recurring costs and collocation and develop a firm basis for cost-based geographically de-averaged prices for unbundled network elements. A deferral of the geographic de-averaging rule of one year would enable the CPUC to do accomplish federal goals.

Sincerely,

A handwritten signature in cursive script that reads "Josiah L. Neeper". The signature is written in dark ink and is positioned above the printed name and title.

Josiah L. Neeper
Commissioner

cc: Larry Strickling
Common Carrier Bureau



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JOSIAH L. NEEPER
COMMISSIONER

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FAX: (415) 703-1758

March 1, 1999

Honorable Gloria Tristani
Federal Communications Commissions
445 12th Street, SW, Room 8C302
Washington, DC 20554

Dear Commissioner Tristani:

I am writing to you and your colleagues on behalf of the California Public Utilities Commission (CPUC) to urge you to defer the geographic de-averaging requirement for unbundled network elements for one year. This period of time will be necessary for the CPUC to resolve critical ongoing proceedings which will enable us to establish appropriate cost-based rates for unbundled network elements on a geographically de-averaged basis.

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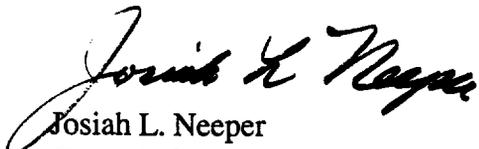
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Gloria Tristani
March 1, 1999
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Sincerely,


Josiah L. Neeper
Commissioner

cc: Larry Strickling
Common Carrier Bureau



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JOSIAH L. NEEPER
COMMISSIONER

TEL: (415) 703-1407
FAX: (415) 703-1758

March 1, 1999

Honorable Harold W. Furchtgott-Roth
Federal Communications Commissions
445 12th Street, SW, Room 8A302
Washington, DC 20554

Dear Commissioner Furchtgott-Roth:

I am writing to you and your colleagues on behalf of the California Public Utilities Commission (CPUC) to urge you to defer the geographic de-averaging requirement for unbundled network elements for one year. This period of time will be necessary for the CPUC to resolve critical ongoing proceedings which will enable us to establish appropriate cost-based rates for unbundled network elements on a geographically de-averaged basis.

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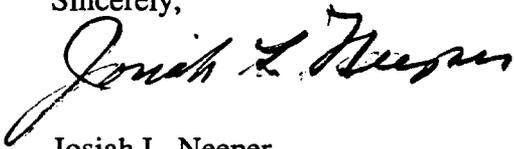
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Harold W. Furchtgott-Roth
March 1, 1999
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Sincerely,

A handwritten signature in black ink, appearing to read "Josiah L. Neeper". The signature is written in a cursive style with a large initial "J".

Josiah L. Neeper
Commissioner

cc: Larry Strickling
Common Carrier Bureau



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JOSIAH L. NEEPER
COMMISSIONER

TEL: (415) 703-1407
FAX: (415) 703-1758

March 1, 1999

Honorable Michael K. Powell
Federal Communications Commissions
445 12th Street, SW, Room 8A204
Washington, DC 20554

Dear Commissioner Powell:

I am writing to you and your colleagues on behalf of the California Public Utilities Commission (CPUC) to urge you to defer the geographic de-averaging requirement for unbundled network elements for one year. This period of time will be necessary for the CPUC to resolve critical ongoing proceedings which will enable us to establish appropriate cost-based rates for unbundled network elements on a geographically de-averaged basis.

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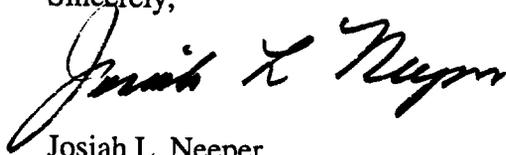
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Michael K. Powell
March 1, 1999
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Sincerely,

A handwritten signature in cursive script, appearing to read "Josiah L. Nepper".

Josiah L. Nepper
Commissioner

cc: Larry Strickling
Common Carrier Bureau



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March 1, 1999

Honorable Susan Ness
Federal Communications Commissions
445 12th Street, SW, Room 8B115
Washington, DC 20554

Dear Commissioner Ness:

I am writing to you and your colleagues on behalf of the California Public Utilities Commission (CPUC) to urge you to defer the geographic de-averaging requirement for unbundled network elements for one year. This period of time will be necessary for the CPUC to resolve critical ongoing proceedings which will enable us to establish appropriate cost-based rates for unbundled network elements on a geographically de-averaged basis.

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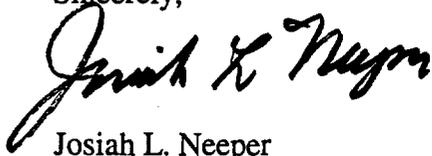
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Susan Ness
March 1, 1999
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Sincerely,

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Josiah L. Neeper
Commissioner

cc: Larry Srickling
Common Carrier Bureau